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TRADE AND MARKETS IN CONFLICT DEVELOPMENT AND CONFLICT RECONCILIATION IN NIGERIA

POLICY BRIEF, NOVEMBER 2005

BACKGROUND

Nigeria's experience of trade-related conflict has been substantial: the 1999 Sagamu conflict and the 2001 Jos crisis are only two of many recent examples. This briefing paper was prompted by the needs of policy makers concerned with improving market access for the poor who lack information regarding the links between trade/markets and conflict development/conflict resolution. It is an area that has not been given much attention in the thinking behind 'Making markets work for the poor'.

In Nigeria, the role of larger oil related corporations in creating and fuelling conflict has received considerable attention. However, many of the economic pressures and difficulties leading to conflict relate not only to major international companies but also to small and micro-enterprises such as those operated by the majority of traders in the agricultural produce trade.

The informality of Nigeria's agricultural produce trade has the potential to promote both cooperation and conflict. The food marketing chains are complex networks extending across the country, and often involve diverse ethnic, religious and social groups. For the most part these linkages work extremely effectively, drawing on substantial inter-gender, inter-ethnic and inter-religious cooperation, often built up over generations. Cooperative relationships are cemented by participating in ceremonies (marriages, funerals etc.), by home visits, sometimes even by inter-marriage. Ethnic and sub-ethnic political leaders have often supported such relationships by playing brokerage and bring building functions across the ethnic divides. Accommodation, compromise and cooperation have thus helped to build crucial coalitions: essential components of a long-standing, resilient livelihood strategy.

Nonetheless, there is potential for a range of trade-related issues to lead to conflict and for extra-trade tensions related to broader structural issues to spill over and erupt in trade contexts. The costs of violent conflict can be enormous, not just in terms of immediate losses within the physical trading arena but also related to a widespread decline in trust and confidence which erodes social capital, with implications for producers and consumers as well as traders and their families.

This briefing paper is based on findings from a small scoping study comprising a literature review (including analysis of recent market-based or market-related conflicts), a limited number of interviews in northern and southern Nigeria with

market associations, NGOs and other stakeholders, interviews with UK-based NGOs specialising in conflict management and a one-day stakeholder workshop in Abuja.

TRADE-RELATED CONFLICT

The structural factors behind trade conflict

Tensions emanating from deep-seated structural factors are implicated in many recent trade-related conflicts in Nigeria. Resource-based struggles around access to land and employment, complicated by environmentally and conflict-induced migration (with consequent indigene-settler divisions) and with outcomes reflected in major ethnic income differentials, have formed the seed-bed for much recent conflict. Where youth unemployment is a contributory factor to conflict, an element of political manipulation of religious/ethnic divisions through patron-client relationships is particularly common.

Struggles over market power, market access and market space also occurs along commodity chains and are particularly likely to contribute to sparking or escalating conflict where underlying tensions related to deep-seated structural factors are also present. Identifying potential conflict pressure points along a commodity chain can be a valuable analytical tool assisting conflict avoidance.

Public/private sector antagonisms and trade-based conflict

Antagonisms between the public and private sectors are a common contributing factor in trade-based conflict. The disorganised, informal nature of the small scale trade sector and the perception that it promotes criminal activity are a root cause of much antipathy in the public sector. From a private sector viewpoint, local government revenue extraction from market-based trade is strongly resented in view of government failure to invest in physical market infrastructure, trader harassment, massive financial mismanagement and corruption. Weak/corrupt national institutions such as police and justice systems fuel resentment and promote reliance on personal links to local-level patrons and privatisation of security, both of which may fuel inter-ethnic trade-related conflict since they easily become ethnically defined.

Markets as flashpoints

Crowded markets often become conflict flashpoints because they commonly bring large numbers of people from different ethnic groups together in a congested area. They offer a fertile context for conflict entrepreneurs wishing to use conflict for business or political ends to promote their aims. Unemployed youth can be hired at very little cost to help escalate any small conflict which occurs: the potential for looting once a conflict is in full swing provides additional incentive.

Transport-related issues may also act as a conflict trigger or a background factor to exacerbate other causes on tension, especially in a context where livelihoods are fragile and formal insurance mostly unavailable. Transport-related conflict appears particularly common in the perishable commodities trade (vegetables, livestock), though fuel cartels and government petrol pricing has been a wider cause of conflict.

TRADE AND MARKETS IN CONFLICT MANAGEMENT AND RECONCILIATION

Despite the potential for trade to become a locus of conflict, market interactions and trading relationships may also facilitate reconciliation because disputing groups need to work together to secure their individual livelihoods. Moreover, market spaces are important potential mediation spaces precisely because they bring conflict related groups together, especially in boundary regions. Particular individuals – including women traders - may act as crucial “connectors” in this respect, linking diverse ethnic and other interest groups.

Long-established trader associations and other indigenous business networks provide ample evidence of their expertise in conflict avoidance and dispute management through a variety of mechanisms. In periods of violent conflict, traders of diverse ethnic origin often protect one another, especially within the market environs. Work with traders’ leaders and their organisations to support and further develop such initiatives seems to offer an important potential route to conflict reconciliation and transformation (whereby institution building is emphasised as a route to dealing with both underlying structural causes of conflict and immediate triggers).

PROTECTING AGAINST TRADE-RELATED CONFLICT

Widespread economic growth, well distributed both spatially and across social and ethnic groups probably offers the strongest protection against conflict and its perpetration by conflict entrepreneurs. Donors’ and NGOs’ work in assisting people to maintain basic entitlements to food, health etc. will contribute to conflict avoidance. They can also support conflict transformation approaches by combining a livelihoods approach with a conflict resolution approach. This needs to give full emphasis to handling change, so that conflict can be avoided. Diversification of livelihoods and associated development of new skills, knowledge and behaviour is likely to be central to such livelihood-linked conflict initiatives. Work with unemployed and disaffected youth appears likely to be particularly fruitful.

Movement towards the development of a **well-regulated state** will also contribute to conflict transformation, since good institutions such as rule of law provide the essential context for tackling structural causes of conflict: this may need to include support for traditional authorities which can play a strong role in local governance issues. In the absence of formal policing there has been a rise in the use of vigilante groups, often initiated by trader associations. The study also found that there are widespread cases of tensions and conflict between traders and the state, over high levels of levies and lack of investment in market infrastructure. This may be avoided or reduced by encouraging the private ownership and management of markets

POLICY RECOMMENDATIONS

The following recommendations are based on the findings from our scoping study:

- Identify potential conflict pressure points on specific commodity chains (including transport issues) especially before public sector or donor investment or support.
- Tackle the structural causes of conflict through promoting conflict sensitive economic growth and diversification of livelihoods away from resource constraints (such as land). Particular attention should be given to promoting the opportunities for unemployed and underemployed young men, and linking conflict and economic development programmes.
- Public sector ownership of markets has resulted in tensions and poor investment. Traders interviewed expressed the preference for an increase in private markets or private management. The benefits of private ownership and management need closer examination and possible piloting.
- Raise awareness of the potential role of business and trade related organisations in conflict resolution among local conflict-focussed NGOs in Nigeria (while recognising that they can fuel conflict if they exclude particular groups).
- Design market places to reduce overcrowding and tension so that they are less likely to become flash points for conflicts.
- Explore the possibility of developing innovative ways of working with and regulating vigilante groups, bearing in mind that they are now a substantial source of youth employment in many regions.
- Recognise and support the role of traders as key ‘connectors’ building social capital and networks between ethnic groups.
- Businesses trading across ethnic boundaries can build cross cultural social capital. Means of encouraging more individuals to take up these boundary spanning activities and to use market places as mediation spaces should be explored.
- Conflict resolution approaches should recognise the key role traditional authorities play in managing markets and hence affecting conflicts.

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